

Message Text

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73

ACTION AF-18

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EO 11652N/A

TAGS: ECON ELAB ENGR SG

SUBJ: SENEGAL'S NEW WAGE PRICE PROGRAM

REF: DAKAR 3410

STATE ALSO FOR T/IEP

PARIS FOR LABOR ATTACHE

MONROVIA FOR RIESZ

1. SENEGALESE PRIME MINISTER ABDOU DIOUF ANNOUNCED NEW WAGE AND PRICE INCREASES IN RADIO ADDRESS JANUARY 23. DIOUF CITED INCREASING WORLD MARKET PRICES, ENERGY CRISIS, AND INABILITY OF GOS TO CONTINUE TO SUBSIDIZE LOCAL CONSUMERS AS REASONS NECESSITATING PRICE INCREASES IN THREE BASIC COMMODITIES. WAGE INCREASES FOLLOW IN ATTEMPT TO MAINTAIN CONSUMERS' PURCHASING POWER AND RECOUP THAT ERODED THROUGH IN GENERAL INFLATION OVER PAST MONTHS.

2. CURRENT PRICE INCREASES LIMITED TO PETROLEUM PRODUCTS, PEANUT OIL, UNCLASSIFIED

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AND SUGAR. PRICE OF MAJOR IMPORTED STAPLE RICE WAS NOT RAISED

ALTHOUGH RUMORED IT MAY SOON RISE. PETROLEUM RETAIL PRICES PER LITER (TAX INCLUDED) INCREASED AS FOLLOWS:

SUPER GAS: OLD PRICE CFA-66.4 NEW PRICE CFA-76.7 INCREASE 15.5 PERCENT

REGULAR GAS: OLD PRICE CFA-63.7 NEW PRICE CFA-73.4 INCREASE 15.2 PERCENT

DIESEL: OLD PRICE CFA 46.0 NEW PRICE CFA-63.9 INCREASE 38.9 PERCENT

FUEL OIL: OLD PRICE CFA-44.9 NEW PRICE CFA-58.3 INCREASE 29.8 PERCENT

FIGURES ABOVE DO NOT ACCURATELY REFLECT ACTUAL INCREASE IN COST OF PETROLEUM PRODUCTS. GOS LEVIES TAXES ON PETROLEUM PRODUCTS AND TAXES NOT RAISED. THUS SUPER (ETHYL) GASOLINE FORMERLY SOLD AT 66.4 CFA COST ONLY 28.2 DUTY FREE WHEN ALL THE TAXES REMOVED. THUS RISE IN COST OF GASOLINE ACTUALLY 36 PERCENT APART FROM TAXES. DIOUF SAID GOS WILL NOT SUBSIDIZE PRICES OF PETROLEUM PRODUCTS.

3. PRICES OF SUGAR AND PEANUT OIL RAISED BUT NOT TO LEVEL OF WORLD MARKET PRICES, SO GOS WILL CONTINUE TO SUBSIDIZE COSUMERS AS IT ALSO DOES WITH RICE. SUGAR PRICES INCREASED AS FOLLOWS:

LOAF SUGAR(KG): OLD PRICE CFA 95 NEW PRICE CFA -140 INCREASE 47.3

SUGAR CUBES(KG)-OLD PRICE CFA 90 NEW PRICE CFA -150 INCREASE 66.3

GRANULATED SUGAR(KG)-OLD PRICE CFA 75 NEW PRICE CFA 120 INCREASE 60.0

SENEGAL CURRENTLY IMPORTS SUGAR THEN CUBES AND PACKAGES IT. NEW SUGAR REFINERY AND CANE FIELDS WERE DUE TO ENTER PRODUCTION LAST YEAR BUT PROJECT IS FAR BEHIND SCHEDULE.

4. PEANUT OIL, SENEGAL'S LEADING EXPORT, ALSO RAISED FROM 98 CFA PER LITER TO 140 CFA, A 42.8 INCREASE. SENEGAL'S FOREIGN-OWNED PEANUT OIL CRUSHERS WILL BE SUBSIDIZED WITH GOS BUYING DIFFERENCE BETWEEN 140 CFA AND WORLD MARKET PRICE. RISE IN PEANUT OIL PRICE LONG RUMORED AS PRICE HAD BEEN 98 CFA/LTER MORE THAN TEN YEARS. PEANUT UNCLASSIFIED

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OIL USED EXTENSIVELY ALL LEVELS SENEGALESE SOCIETY AND IMPACT OF INCREASED PRICE WILL BE SERIOUS.

5. TO ENABLE PUBLIC TO PURCHASE THESE COMMODITIES AT NEW PRICES, GOS RAISING SALARIES. PUBLIC SECTOR EMPLOYEES WILL RECEIVED 10 PC RAISE IN TWO STAGES, 5 PC IN FEBRUARY 1 AND 5 PC JULY 1. PRIVATE EMPLOYERS OBLIGATED GIVE 15 PC RAISE FEB:#

1. DIOUF ALSO PROMISED THAT

PEANUT PRODUCERS WHO PAY DEBTS TO GOVERNMENT AND COTTON PRODUCERS
WILL SOON RECEIVE
"EXCEPTIONAL" REBATE. LAST MEASURE MAY PROVE
CRITICAL AS MOST SMALL FARMERS IN SENEGAL GROW PEANUTS AS CASH
CROP AND UNTIL NOW PEASANTS HAVE NOT SHARED BENEFITS OF INCREASED
WORLD PEANUT PRICES.
AGGREY

NOTE BY OC/T: # AS RECEIVED, WILL BE SERVICED UPON REQUEST.

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